

## Message Text

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PAGE 01 COLOMB 00342 011217Z

42

ACTION NEA-13

INFO OCT-01 ISO-00 AID-20 EB-11 AGR-20 TRSE-00 SS-20 NSC-10

SPC-03 L-03 H-03 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04

RSC-01 USIA-15 PRS-01 SAM-01 OMB-01 EA-11 EUR-25 IO-14

IGA-02 COME-00 CIEP-02 DRC-01 /192 W  
----- 034174

R 011133Z FEB 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 490

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EO 11652: N/A

TAGS: ECON, CE

SUBJ: SRI LANKA FOOD SITUATION: END JANUARY 1974

REF A. COLOMBO 3134 B. COLOMBO 3020

1. SUMMARY: GSL HAS ANNOUNCED RICE RATION WILL BE CUT BACK TO FREE HALF-MEASURE FEB 1. WHEAT FLOUR ALLOCATIONS UNCHANGED. DETAILED MID-JAN FOOD COMMISSIONER (FCQ FIGURES SHOW GSL JUST CAPABLE SERVICE RICE RATION THROUGH MAHA HARVEST. END SUMMAR.

2. RICE: GSL HAS STOPPED ISSUE OF SECOND HALF-MEASURE (ONE POUND) RICE AT RS. 1 AS OF FEB 1, LEAVING RICE RATION AT FREE HALF-MEASURE TO ALL NON-TAXPAYERS (TAXPAYERS PAY RS 1). JAN 26 CEYLON DAILY NEWS CITED SFREIGN AND INTERNAL TRADE MINISTER ILANGARATNE AS SAYING TEMPORARY WITHDRAWAL IS NECESSARY BECAUSE SUPPLY SITUATION DID NOT IMPROVE DURING JANUARY, SPECIFICALLY POINTING OUT MAIN CUASE AS SHORTFALL IN PADDY MARKETING BOARD (PMB) PROCUREMENT FROM FARMERS. (PRESENT GUARANTEED PRICE OF RS. 25 PER BUSHEL PADDY COMPETES WITH PRIVATE TRADE PRICE OF RS. 32-36) ILANGARATNE PREDICTED BETTER SITUATION WHEN MAHA CROP HARVEST BEGINS IN MARCH, SAYING "THEN RATION MAY BE INCREASED BY HALF MEASURE, FULL MEASURE OR EVEN MEASURE LIMITED OFFICIAL USE

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PAGE 02 COLOMB 00342 011217Z

AND HALF, ACCORDING TO AVAILABILITY SUPPLIES." (REALITIES OF

FOOD SITUATION MAKE THIS STATEMENT ALMOST PURE-POLITICAL BLUSTER.)  
ON JAN 31, HE TOLD PRESS HALF-MEASURE WOULD BE RESTORED IN APRIL  
BEFORE BUDDHIST AND HINDU NEW YEAR HOLIDAYS.

3. IN MID-JAN FC PROVIDED UPDATED FIGURES ON GRAIN STOCK/  
CONSUMPTION/PROCUREMENT THROUGH MARCH-APRIL, POINTING OUT THAT  
ONLY HALF-MEASURE RATION COULD BE SERVICED UNTIL PMB RESUMED  
PURCHASES FROM MAHA HARVEST. SUMMARIZED RICE FIGURES ARE AS  
FOLLOWS (LONG TONS):

JAN 1, 1974

STOCK	64,000
DISTRIBUTION (FREE HALF-MEASURE PLUS RS 1 HALF-MEASURE)	50,000

BALANCE	14,000
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IMPORTS (PRC)	9,000
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FEB GNC 1974 STOCK	23,000
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FEB 1 -MAY 1 IMPORTS (ALL PRC)	70,000
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TOTAL RICE AVAILABLE	93,000
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FEB 1 -MAY 1 RATIONED DISTRIBUTION (AT 25,000 MONTHLY FOLLOWING FEB 1 CUT)	75,000
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MAY 1 STOCK	18,000
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4. THUS GSL RICE SITUATION COULD NOT BE TIGHTER. PRESS  
HAS ALLEGED HOARDING WHICH MAKES SENSE WITH LOWER RETAIL PRICES  
(ABOUT RS 3 TO 3.5 PER TWO-POUND MEASURE) SINCE MID-DEC. SINCE  
RATION CUT ANNOUNCED JAN 26 PRICE HAS RISES TO RS 4 TO 5, WHICH  
DOUBTLESS WILL DRAW OUT PRIVATELY-HELD STOCKS.

5. WHEAT: BREAD-CARD AND FLOUR-RATIONING SYSTEM NOW APPARENT-  
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PAGE 03 COLOMB 00342 011217Z

LY WORKING SMOOTHLY ALTHOUGH SHORT QUEES REAPPEARING FOR LEFT-  
OVER BREAD. HEREWITH SUPPLY SITUATION AS OF MID-JAN ACCORDING  
TO FC (LONG TONS):

JAN 1, 1974 STOCK	17,000
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IMPORTS	49,000
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FLOUR AVAILABLE 66,000  
DISTRIBUTION (BREAD VIA BAKERIES PLUS  
RATION AT ONE POUND PER WEEK  
PER HEAD) 45,000

FEB 1, 1974 STOCK 21,000

FEB - -MAY 1 IMPORTS 138,000

FEB - -MAY 1 FLOUR AVAILABLE 159,000

FEB 1 -MAY 1 DISTRIBUTION 135,000

MAY 1, 1974 STOCK 24,000

JAN 1 - MAY 1 SOURCES: FRENCH 34,200 (COMMERCIAL AND 6600  
GIFT); SINGAPORE 20,900 (COMMERCIAL); ITALY 21,100 (COMMERCIAL);  
CANADA 9300 (GIFT); EEC 6600 (GIFT); AUSTRALIA 20,200 (COMMER-  
CIAL CREDIT); FRG 13,000 (GIFT); SOUTH AFRICA 12,000 (COMMER-  
CIAL); PL 480 10,000. (NOTE: FC FIGURES DO NOT PRECISELY  
RECONCILE.)

6. DESPITE CONTINUING SEVERE FOREIGN EXCHANGE POSITION, NOW  
WORSENER BY OIL, FC PERIODICALLY ISSUING TENDERS FOR CASH/  
CREDIT FLOUR. THUS IT SEEM CLEAR GSL PLANS TO MAINTAIN ESTAB-  
LISHED FLOUR DISTRIBUTION RATE, AT LEAST IN NEAR TERM, IN  
VIEW SUSTAINED NATURAL DEMAND, NUTRITIONAL NECESSITY, AND  
CONTINUING SHORTAGE OF RICE. (SEE, HOWEVER, COLOMBO 340, RE-  
PORTING FINANCE MINISTER'S INDICATION WHEAT FLOUR MAY BE TAKEN  
OFF RATION APRIL 1.)

7. RICE RATION CUT ALONG APPEARS TO HAVE AROUSED LITTLE OPP-  
OSITION OR POPULAR PROTEST, PERHAPS BECAUSE PEOPLE NOW  
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PAGE 04 COLOMB 00342 011217Z

ACCUSTOMED TO GSL FREQUENTLY ADJUSTING FOOD DISTRIBUTION  
PATTERNS TO MEET CURRENT CONDITIONS. CEYLON WORKERS CONGRESS  
(CWC) HAS APPEALED TO GSL NOT TO CUT SECOND HALF-MEASURE FOR  
PLANTATION WORKERS. FC HAS AID THAT PLANTATION WORKER FEED-  
ING IS VERY DIFFICULT, DAY-TO-DAY PROBLEM. HOWEVER, GSL  
PROBABLY NOW FOLLOWING POLICY OF PROVIDING RICE TO ALL OR NONE  
FOLLOWING FAILURE OF SELECTIVE DISTRIBUTION TO RICE DEFICIT  
AREAS IN DECEMBER. THERE CERTAINLY IS NO REAL IMPROVEMENT IN  
CEYLONESE FOOD SITUATION OR PROSPECTS, BUT GSL APPEARS TO  
BE MANAGING ITS VERY SCARCE RESOURCES WELL, BOTH IN NUTRITIONAL  
AND POLITICAL TERMS.  
VAN HOLLEN

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## Message Attributes

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